Grants for Panchayats

1667. SHRI R. KAMARAJ: Will the Minister of PANCHAYATI RAJ be pleased to state:

(a) whether it is a fact that Government had mooted creation of an empowerment incentive fund for Panchayats with an initial investment of Rs. 500 crores;

(b) if so, the details thereof;

(c) whether it is also a fact that the Twelfth Finance Commission made a provision for more untied grants for panchayats than what was given by the Eleventh Commission; and

(d) if so, the details thereof?

THE MINISTER OF PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR): (a) and (b) A proposal has been sent to the Ministry of Finance for instituting a Panchayat Empowerment Incentive Fund (PEIF). The fund is envisaged to have a dual role, namely, to incentivise and enable State Governments to devolve powers to Panchayats as per the recommendations of the seven Round Tables as also to strengthen the capacity of these empowered Panchayats to plan and implement schemes and play their role as responsive and accountable institutions of self-government.

(c) and (d) Yes Sir. A sum of Rs. 20,000 crore has been earmarked for the Panchayats by the Twelfth Finance Commission as grants-in-aid to augment the Consolidated Fund of the State for the period 2005—2010 to be given to Panchyayats with an *inter se* share between States as indicated in the report. The Eleventh Finance Commission earmarked Rs. 8000 crores for the same purpose during the period 2000—2005. The guidelines stipulate that the PRIs should be encouraged to take over the assets relating to water supply and sanitation and utilize the grants for repairs/rejuvenation as also the O&M costs. Of the grants allocated for Panchayats, priority should be given to expenditure on the O&M costs of water supply and sanitation. This would facilitate Panchayats to take over the schemes and operate them.